



700 5th Ave. | P.O. Box 34023 | Seattle WA 98124-4023
TEL (206) 684-3000 TTY/TDD (206) 684-3225 FAX (206) 625-3709

seattle.gov/light

twitter.com/SEACityLight facebook.com/SeattleCityLight

August 28, 2018

The Honorable Bruce A. Harrell
President, Seattle City Council
Seattle City Hall, 2nd Floor
Seattle, WA 98104

Dear Council President Harrell:

Pursuant to Council adoption of the 2019-2024 City Light Strategic Plan, the Mayor is submitting legislation that adopts rates consistent with the Strategic Plan. These proposed adjustments to rates would be in effect from January 1, 2019 to December 31, 2020.

The approved Strategic Plan calls for increases averaging 5.8% for 2019 and 5.4% for 2020 system-wide. Approved in advance of the budget, the proposed rates are designed to generate sufficient revenue to support all budgeted operations.

When City Light developed its draft Strategic Plan rate path, the preliminary forecasted rate adjustment was 10% for 2019. Mayor Durkan made it clear she was unwilling to impose a rate increase of that magnitude on Seattle residents. She also expressed her strong view that the strategic planning process was designed in part to bring predictability and stability to rates, not double-digit rate increases. Consequently, she directed City Light to find cost savings in both our operating and capital budgets without jeopardizing essential services and safety, with the goal of bringing increases more in line with inflation, and with a minimum target reduction of 5%.

This legislation implements rate increases that reflect ongoing reductions of \$18 million (6%) to City Light's O&M budget, and \$241 million (9%) to our six-year capital budget. City Light is confident that the reductions will not adversely impact core functions, and we will monitor operations and prioritize spending to ensure that current customer service levels are maintained.

The rate increases translate to monthly residential bill increases of between approximately \$2.00 and \$5.00. For customers enrolled in the Utility Discount Program (UDP) - approximately 33,000 customers in the greater Seattle area - average monthly bills would increase between \$1.00 and \$2.00.

Mayor Durkan and City Light are committed to keeping utility rates affordable for Seattle residents. Mayor Durkan has also pledged to work with us to find additional cost savings, to revise our business model, and to explore other sources of new revenue as we enter this era of declining electricity consumption.

Sincerely,

A handwritten signature in blue ink that reads "Jim Baggs".

Jim Baggs
Interim, CEO and General Manager, Seattle City Light